

Real Alternatives to Banking and Postage

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An article published on October 29th by the [Washington Post](#) discusses Bernie Sanders's "revolutionary" plan to change the banking system and Postal Service in one fell swoop. The author mentions that "from 1911 until 1967, the Postal Service also served as a bank," where customers could deposit money into a savings account. Sanders, recognizing that low income neighborhoods often lack access to basic banking services like check cashing and warehousing, proposes that post offices reenter the banking business. He sees this as a potential way to steer those with irregular bank access away from the high service fees and interest rates charged by payday lenders.

Sanders wants to create a banking system run "by and for the people" using one of America's oldest monopolies, the United States Postal Service (USPS). Maybe he thinks he could kill two birds with one stone — providing the people with another form of banking while saving the Postal Service from bankruptcy. Unfortunately, the fundamental flaws in the American banking system (including banks' poor track record of servicing low income neighborhoods) will not be fixed by empowering another monopolistic government agency to perform banking services.

How can people using the post office as a depository bank be sure that their money will not be spent by the USPS, a notoriously bankrupt federal agency? It's well known that the federal government has spent people's Social Security contributions, leaving Social Security's "lockbox" full of nothing but IOUs from — you guessed it, the taxpayer. To keep current retirees happy, the federal government, in true Ponzi scheme fashion, funds their retirement payments using Social Security contributions from current workers' contributions.

Bernie can tell us all he wants that the government and its services belongs to the people. But can he promise that the money deposited in USPS savings accounts will be left untouched? Of course, not. Does he honestly think future administrations will just leave the money sitting idly by? Government agencies are, by their very nature, spendthrifts. To entrust money to USPS with the instruction that it's not to be touched defies basic logic and history.

As for the problems with the Postal Service's current function — the delivery of mail, the commonsense solution would be to allow consumers to take their business elsewhere. In 1844, Lysander Spooner started the American Letter Mail Company to compete against the high cost of what was known as the United States Post Office (USPO). His venture was officially put out of business in 1851 by the U.S. government due to a violation of the Private Express Statutes — laws placing restrictions on private letter delivery.

Even though he was put out of business, Lysander Spooner nevertheless succeeded in lowering the cost of postage. This proves that pure competition lowers the prices of goods and services (something many on the left do not want to hear) while providing people with an abundance of choices. This basic economic lesson applies to all services — banking, mail delivery, or otherwise. Competition is the real alternative that people should be discussing, not more

state-enforced, “democratic” policies and institutions issued from the ivory towers of politicians.